

APPROVED  
MINUTES OF THE ANNUAL PRE-MEETING OF  
PROVO RIVER DISTRIBUTION SYSTEM WATER USERS  
January 22, 2013

Pursuant to the Articles of Association, as amended by the Provo River Distribution System, and due notice having been given to all members, a meeting of the Board of Directors of the Provo River Distribution System convened at 1:30 pm at the Central Utah Water Conservancy District Offices, located at 355 West University Parkway, Orem, Utah.

Board Members in Attendance

Alan Brown	Heber Valley East Canals
Jeff Bryant	Provo Reservoir Water Users Company
Jeff Budge	Provo River Water Users Company
Daryl Devey*	Central Utah Water Conservancy District
John Hinckley	Fort Field/Little Dry Creek
Jack Jones	Provo Bench Canals
Farrell Knight	Individual Rights
Bart Simons	Provo City Canals
Debbie Vanoy***	Central Utah Water Conservancy District
Ken VanWagoner**	Heber Valley West Canals

\*Chairman

\*\*Vice-Chairman

\*\*\*Secretary

Earl McNeil was not present.

Others in Attendance

Claudia Conder	PacifiCorp
Jared Hansen	Central Utah Water Conservancy District
Cheryl Heying	Division of Water Rights
Jared Manning	Division of Water Rights
Susan Odekirk	Division of Water Rights
Paul Pierpont	Central Utah Water Conservancy District
Stan Roberts	River Commissioner
Matt Tietje	Metropolitan Water District of Salt Lake & Sandy
Rich Tullis	Central Utah Water Conservancy District
Teresa Wilhelmsen	Division of Water Rights
Mike Wilson	Metropolitan Water District of Salt Lake & Sandy

Call to Order

The meeting was called to order by Chairman, Daryl Devey.

Hearing the 2012 Minutes

Mr. VanWagoner made a motion to approve the minutes as corrected in the previous meeting. Mr. Budge seconded the motion. The motion passed unanimously.

#### Hearing the 2012 Commissioner's Report

Mr. Roberts distributed copies the annual report. Copies of the pages Mr. Roberts referred to during his report to the Board have been attached. Prior to beginning his report, he expressed appreciation to all the cooperating agencies and Alan Brown, Deputy River Commissioner for their cooperation and help in making the annual report possible.

Mr. Roberts referred to the "Data Summary for Water Year November 1 to October 31" (copy attached) which shows the comparison of water between years 2008 through 2011. He then discussed in detail these pages and stated that it is interesting to see the swing in the amount of water the river produces in a good year and how little it produces in a bad year. Next he discussed the "Data Summary for Water Year November 1 to October 31" for the 2012 water year (copy attached). Mr. Roberts continued his report by reading and discussing "Summary of 2012" (copy attached).

Mr. VanWagoner made a motion to accept the Commissioner's Report. The motion was seconded by Mr. Simons. The motion passed unanimously.

#### Recommending a Water Commissioner for the Next Term

Mr. Budge made a motion to retain Mr. Roberts as the River Commissioner the next four year term. The motion was seconded by Mr. Simons. The motion passed unanimously.

Mr. VanWagoner made a motion to retain Mr. Brown as the Deputy Commissioner. The motion was seconded by Mr. Knight. The motion passed unanimously.

#### Report from the Division of Water Rights

Mr. Manning then discussed some legislation issues they are watching closing during this legislative session. The first was SB109 which would try to give the State Engineer some authority to look at non-use on change applications.

The second was HB68. Mr. Manning read the following sentence from the bill "...in advancing the claimed public trust violation neither the state nor any other party may use the State's public trust obligation as grounds to reduce a quantity of water being put to beneficial use under an appropriation made in accordance with applicable law." He explained that the bill is essentially trying to balance the idea of public trust doctrine against constitutionally protected property rights and it is clarifying that a water right is a constitutionally protected water rights. He further explained that if there is an ecological or other need that falls under the public trust doctrine then water rights would not be taken away to meet those other needs.

The last bill Mr. Manning discussed did not have a number but it is entitled "Modifications to Water Company Shares Act." He explained that this bill proposes to make it so that shareholders will have votes in proportion to the number of shares they own rather than one vote per entity.

Mr. Bryant stated that he does not believe that bill is going to be presented because the South Jordan Canal Company changed their by-laws in their annual meeting held a couple of weeks ago.

Mr. Manning then discussed the Patient Protection and Affordable Care Act commonly known as Obamacare. This could have an effect on the system as anyone who works 30 hours per week or more is entitled to health care coverage under the new law. So the State is going to start tracking the hours for commissioners who don't currently receive health benefits. Since Mr. Roberts already receives the health care benefit, this will affect the deputy. This will be done through the State's web site and will not involve submitting a time card. The penalty for not providing health care benefits is 2,000 per employee which amounts to \$40,000,000 for the State.

Ms. Wilhelmsen stated that ten rolls of archived documents were sent to the State by Utah County containing all of the supplemental documents for the Provo River Decree. These documents are being scanned and will be attached to the web site so they are available to the public.

Ms. Odekirk expressed appreciation to all the cooperating agencies and to Stan for all his work.

#### Hearing the 2012 Financial Report

Mr. Roberts distributed two reports "Provo River Distribution System Trust Fund 2012 Financial Statement" and "Provo River (LCD) Distribution System Trust Fund 2012 Financial Statement." Copies of these two reports are attached and made a part of these minutes by this reference. Mr. Roberts then discussed both reports in detail.

Mr. Brown made a motion to accept both of the financial reports. Mr. Budge seconded the motion.

Mr. Roberts mentioned that there should have been a transfer made from the LCD account into the Distribution System Trust Fund that got overlooked last year.

Ms. Odekirk explained that the one of the reasons there are two systems is because there are two billing methods of which the Provo Distribution System is billed based on the Wentz number. She mentioned that it is now possible within the State's system to combine the two accounts and still use the two different billing methods. Ms. Odekirk then proposed that the two systems be merged into one trust fund account and she would then transfer the balance of the LCD account into the Provo River Distribution System Trust Account.

Mr. Budge made a motion to move combine the two accounts, if it would work for Mr. Roberts. Mr. Bryant seconded the motion. The motion passed unanimously.

Following this discussion, the Board voted unanimously to approve the motion to accept both of the financial reports.

#### Reviewing the Delinquent Accounts

Mr. Roberts then reviewed the delinquent accounts listed on the LCD System. Mr. Roberts then reported on the main system. One of the larger outstanding balances is with West Smith Ditch Company. Mr. Roberts reported that one of the directors on this Board is an officer in the West Smith Ditch Company and he is going to contact the company. There are two accounts listed with unknown owners and it is the desire of the Board to write those accounts off. Mr. Roberts stated that he has agreed to look into the other delinquent accounts.

Ms. Odekirk stated that sometimes the problem with these accounts is because they do not have the updated contact information. In that case, the State is putting a note on the water right file and freezing the account so it doesn't keep showing as delinquent, but if someone does file any sort of a change on the water right there is an alert that there is an outstanding balance and the change would not be processed until the account is brought current. She then stated that if this was an acceptable way to handle these accounts, the State would continue this practice.

#### Preparing a Budget of Salaries and Other Necessary Expenses

There was a brief discussion regarding the necessity of preparation of a budget for the LCD account but it could not be determined how it should be combined into one account as was approved earlier in the meeting. Mr. Bryant suggested that the Board provide both budgets to the State and let them determine how to set it up to work for them.

The line item budget for the Provo River (LCD) Distribution Fund, as discussed in the morning meeting of the Board on January 22, 2013, was then presented to Mr. Manning. A 3% increase was approved for Mr. Roberts making his salary \$1,663. Social Security was set at \$126, retirement at \$300, and insurance at \$35. The State Engineer's Assessment was set at \$154, making the total budget \$2,278.

The line item budget for the Provo River Distribution Fund, as discussed in the morning meeting of the Board on January 22, 2013, was then presented to Mr. Manning. A 3% increase was approved for Mr. Roberts making his salary \$72,586. Social Security was set at \$5,517, retirement at \$14,200, insurance at \$14,000, and travel expense at \$2,300. The salary for Mr. Brown was set at \$11,652 reflecting a 3% increase. Social Security was set at \$886, insurance \$150, and travel expense \$2,000. Secretary Expense was set at \$500, Committee Expense \$3,000, Office

Expense \$1,200, Supplies and Equipment \$2,000, Telephone Expense \$1,600, Miscellaneous Expense \$1,049, State Engineer Assessment \$9,860, and Annual Report at \$1,500, making the total budget \$144,000.

Mr. VanWagoner made a motion to accept the budget for the Provo River Distribution System Fund at \$144,000 and the Provo River (LCD) Distribution Fund at \$2,278. Mr. Jones seconded the motion. The motion passed unanimously.

#### Setting the Distribution System Assessment

Mr. VanWagoner made a motion to set the assessment for the Provo River Distribution System Fund at \$136,000 and the assessment for the Provo River (LCD) Distribution Fund at \$3,000. Mr. Knight seconded the motion. The motion passed unanimously.

#### Selecting a New Distribution System Chairman and Committee Members, If Necessary

Mr. Budge made a motion to suspend the rules and keep the organizational structure as it currently stands. Mr. Simons seconded the motion. The motion passed unanimously.

Mr. Manning then read the names of the Board members and the Officers as listed on page 1 of these minutes.

#### Other Business

No other business was brought to the Board.

Mr. Bryant made a motion to adjourn. Mr. Budge seconded the motion. The motion passed unanimously.